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SUBJECT: CANADA DEVELOPMENT AID FOR PAKISTAN

REF: A. STATE 29860
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Sensitive but unclassified. Please protect accordingly.

(sbu) This message responds to Ref A request for an overview of Canada's development assistance to Pakistan. Post's response is keyed to reftel questions, and is based on both public information and information provided by Blaine Marchand -- the Canadian International Development Agency's (CIDA) Senior Program Manager for Governance (Pakistan and Central Asia).

-- HOW MUCH DEVELOPMENT ASSISTANCE DID CANADA PROVIDE TO PAKISTAN IN 2007 AND IN WHAT FORM?

Canada currently provides C\$47 million a year to Pakistan in development assistance. Bilateral aid for 2007-2008 was C\$43 million.

Breakdown of Bilateral Aid

Governance
C\$12.1 million

Health
C\$5.8 million

Education
C\$6.5 million

Improving Gender Equality
C\$4.0 million

Post-Earthquake Recovery
C\$7.1 million

Border Area Development
C\$5.1 million

(Note: Canada has several small projects that are not captured in the above figures.)

CIDA Senior Program Manager Marchand states that "the Canadian Partnership Branch (CPB) delivers about \$0.5 million annually" and that almost 70 percent of this "partnership programming aligns with the bilateral program focus on local governance and education/health priorities. CPB presently funds more than 60 partners delivering 70 projects that touch Pakistan. Notable partners in governance are Canadian Labour Congress (C\$0.4 million) and Care Canada (C\$0.3 million). Multilateral Programmes Branch (MPB)'s financial expenditures in Pakistan have been around C\$1-2 million annually (with the exception of roughly \$40 million in earthquake relief in 2005/06."

-- HOW MUCH ASSISTANCE IS CANADA PROVIDING IN THE FORM OF DEBT RELIEF OR DEBT RESCHEDULING?

Through a debt swap, Canada is providing C\$117 million over a five-year period. Most of the assistance focuses on education efforts in Punjab province.

-- HOW DOES CANADA PRIORITIZE AMONG SECTORS AND REGIONS IN ALLOCATING DEVELOPMENT ASSISTANCE?

Canadian assistance to Pakistan has three primary objectives:

(1) Good Governance (i.e., promoting "democratic local governance through support to devolution and effective citizen participation, especially that of women;" (2) Basic Human Needs (i.e., improving "the quality and delivery of social services, especially for the female population, and to increase access to those services by the poor;" and (3) Gender Equality (i.e., contributing "to the improvement of women's human rights, health and education, and economic empowerment."

Projects promoting these objectives can be found at www.acdi-cida.gc.ca/CIDAWEB/acdicida.nsf/En/J UD-328225-HB3.

-- WHAT STRATEGIC OBJECTIVES IS CANADA PURSUING IN ITS ALLOCATION OF AID TO PAKISTAN? IN WHAT FUTURE AREAS MIGHT CANADA EFFORTS BE FOCUSED? ARE THEY OPEN TO DOING MORE OR UNDER PRESSURE TO REDUCE THEIR ACTIVITIES?

Canada targets much of its aid in Baluchistan province, south of Afghanistan's Kandahar province (where Canadian military forces operate). Much of this aid deals with economic advancement programs (e.g., job skills and training) and delivery of social services. Overall for Pakistan, Canada plans to continue focusing on the three primary objectives described above, but will reduce spending on health. CIDA also plans to broaden "good governance" to include more support for democratic governing structures and rule of law initiatives by the end of this summer. Under "good governance," Canada had focused on promoting the devolution of social service responsibilities to local and provincial governments.

Canada is also helping both Afghanistan and Pakistan to improve border security with technical assistance and infrastructure funding (Ref B).

-- WHAT IS THE BREAKDOWN BETWEEN AID ALLOCATED ON A BILATERAL BASIS AND THROUGH MULTILATERAL INSTITUTIONS?

Canada currently provides C\$47 million a year to Pakistan in development assistance. Bilateral aid for 2007-2008 was C\$43 million.

-- HOW MUCH OF THE ASSISTANCE IS "TIED" TO PURCHASES OF CANADIAN GOODS AND SERVICE AND HOW MUCH IS ACTUALLY SPENT IN PAKISTAN?

Canada has no "tied" aid.

-- TO WHAT EXTENT IS CANADA ABLE TO HELP PAKISTAN DEAL WITH IMMEDIATE AND CRITICAL SHORTAGES IN ITS ENERGY AND FOOD SECTORS AND WITH DEFICIENCIES IN ITS PUBLIC HEALTH SECTORS?

CIDA's Marchand stated that Canada does not focus its development assistance in these areas, except for aid going to primary health care. The health aid includes assistance for primary health care workers and HIV/AIDS programs.

-- HOW MUCH ASSISTANCE DOES CANADA PROVIDE FOR EDUCATIONAL REFORM? WHAT IS THE NATURE OF THIS ASSISTANCE AND HOW IS IT TARGETED GEOGRAPHICALLY?

Canada's C\$117 million debt swap arrangement goes to educational reform in Punjab province.

-- WHAT ARE THE CHIEF MODALITIES FOR DELIVERING ASSISTANCE AND DO MECHANISMS EXIST FOR ANY OF THIS AID TO BE DELIVERED QUICKLY FOR IMMEDIATE IMPACT?

Canadian executing agencies work through NGO's and local Pakistani organizations to deliver development assistance. Canada also delivers some bilateral funds for good governance and gender equality through the Asian Development Bank.

-- WHAT MEASURES, IF ANY, HAVE CANADA AND PAKISTAN AGREED ON FOR ENSURING THAT AID ACHIEVES ITS INTENDED RESULTS?

For each development project, Canada hires a Canadian and Pakistani individual as monitors. The monitors make scheduled reports and are able to make recommendations. Each project also receives a separate mid-term evaluation by a contracted Canadian entity. Once a development project is completed, a Canadian contractor prepares a final evaluation and audit.

-- DID CANADA PROVIDE SECURITY ASSISTANCE TO PAKISTAN IN 2007? IF SO, WAS THIS IN EQUIPMENT, TRAINING, OR OFFICER EDUCATION EXCHANGES?

None known.

-- WOULD CANADA BE WILLING TO COLLABORATE WITH OTHER DONORS TO BRING MORE COHERENCE AND PRIORITIZATION TO INTERNATIONAL EFFORTS IN PAKISTAN?

Yes. Canada already has -- or is exploring -- cooperative efforts with Switzerland, the Netherlands, the World Bank, UNDP, and the Asia Foundation. With the latter two entities, cooperation included civic education relating to elections as well as election monitoring.

-- HAS CANADA COORDINATED PREVIOUSLY WITH OTHER DONORS IN PAKISTAN? ON WHAT PROGRAMS?

Yes. See above.

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